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IN THE
Supreme Court of the United States

OCTOBER TERM, A. D. 1946

No. 676

THE GENERAL INDUSTRIES COMPANY,
Plaintiff-Petitioner.
vs.

20 WACKER DRIVE BUILDING CORPORATION,
LA SALLE INDUSTRIAL FINANCE CORPORATION
and GENERAL FINANCE CORPORATION,
Defendants-Respondents.

**PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE SEVENTH CIRCUIT AND BRIEF IN
SUPPORT THEREOF.**

RALPH M. SNYDER,
105 W. Adams St.,
Chicago 3, Illinois.

KING FAUVER,
Lorain County Bank Bldg.
Elyria, Ohio.
Counsel for Plaintiff-Petitioner.

INDEX.

	PAGE
Petition for Write of Certiorari.....	1
Opinions Below	2
Jurisdiction	2
Statement of the Case.....	3
Questions Presented	4
Reasons for Granting the Writ.....	5
(1) Decision of the Court of Appeals is in conflict with the decisions of the Illinois courts which are controlling in view of Erie v. Tompkins, 304 U.S. 64	5
(2) Decision is flatly contradictory to applicable deci- sions in other circuits.....	5
(3) The decision fails to recognize the liberalizing force of the decisions of this Court.....	5
(4) The holding of the majority opinion would create industrial anarchy, legalize fraud, foster com- mercial piracy and would deprive corporations of valuable property rights.....	5
Brief in Support of Petition.....	7
Specification of Errors.....	8
Summary of Argument.....	9
Argument	10
Under the law of Illinois, likelihood of confusion is sufficient to ground the injunction.....	10
Where injury is threatened plaintiff need not wait until the consummation of the damages.....	14

	PAGE
Plaintiff-Petitioner has a valuable property right in its corporate and trade name which courts of equity will protect.....	16
The majority opinion of the Court of Appeals is in conflict with the decisions of other circuits....	19
Particular instances of misconception by the Court of Appeals of facts and law.....	20
The majority opinion has refused to recognize and is sadly out of line with the liberalizing of the doctrine of unfair competition by this Court and the State courts of Illinois.....	24
Conclusion	28

TABLE OF CASES.

	PAGE
American Foundries v. Robertson, 269 U.S. 372.....	18, 19
Armstrong v. Nu-Enamel Corp., 305 U.S. 315.....	22
Bates Machine Co. v. Bates Mfg. Co., 178 Fed. 674, C.C.A. 3	20
Bender v. Bender, 178 Ill. App. 203.....	14, 23
Bourjois & Co. v. Katzel, 260 U.S. 689.....	27
British-American Tobacco Co. v. British-American Cigar Stores Co., 211 Fed. 933.....	22
Busby v. Davis, 150 Fed. 275, C.C.A. 8.....	20
Columbia Mill Co. v. Alcorn, 150 U.S. 460.....	25
DelMonte Special Food Co. v. Calif. Packing Corp., 34 F. (2d) 774, C.C.A. 9.....	20
Erie v. Tompkins, 304 U.S. 64.....	4, 5
Federal Trade Commission v. Algoma Co., 291 U.S. 67	26
Fox Fur Co. v. Fox Fur Co., 59 F. Supp. 701.....	16
General Film Co. of Missouri v. General Film Co. of Maine, 237 Fed. 64, C.C.A. 8.....	20
Hazelton Boiler Co. v. Hazelton Tripod Boiler Co., 142 Ill. 494	24
Howe Scale Co. v. Wyckoff, 198 U.S. 118.....	24
International Committee of Y.W.C.A. v. Y.W.C.A., 194 Ill. 194.....	21, 23
International News Service v. Associated Press, 248 U.S. 215	25
Investors' Syndicate v. Hughes, 378 Ill. 413.....	12, 19
Johnson Mfg. Co. v. Johnson Skate Co., 313 Ill. 106	14, 25

	PAGE
Kahn's Sons Co. v. Columbia Packing Co., 82 Fed. 897, C.C.A. 6.....	20
Koebel v. Chicago Landlord's Protective Bureau, 210 Ill. 176	18
Lady Esther, Ltd. v. Lady Esther Corset Shoppe, Inc. 317 Ill. App. 451	10, 19
Merchants Detective Assn. v. Detective Mercantile Agency, 25 Ill. App. 250.....	11, 18, 23
Mishawaka Rubber & Woolen Mfg. Co. v. Kresge Co., 316 U.S. 203	27
Mossler v. Jacobs, 66 Ill. App. 571.....	12, 14, 23
My-T-Fine Corp. v. Samuels, 69 F. (2d) 76, C.C.A. 2..	20
National Picture Theaters, Inc. v. Foundation Film Corp., 266 Fed. 208, C.C.A. 2.....	20
Newby v. Oregon C. R. Co., 1 Sawyer 63, 1 Deady 609	18
New England Awl & Needle Co. v. Marlboro Awl & Needle Co., 168 Mass. 154, 46 N.E. 386.....	26
O'Reilly v. Campbell, 116 U.S. 418.....	21
Pennsylvania v. West Virginia, 262 U.S. 553.....	15
Rice & Hutchins v. Vera Shoe Co., 390 Fed. 124, C.C.A. 2	20
Schechter Corp. v. U.S., 295 U.S. 495.....	25
Standard Oil Co. of Maine v. Standard Oil Co. of New York, 45 F. (2d) 309, C.C.A. 1.....	20
Standard Oil Co. of New Mexico v. Standard Oil Co. of California, 56 F. (2d) 973.....	15, 17, 20
Straus v. Notaseme Hosiery Co., 240 U.S. 178.....	27
Terminal Barber Shops v. Zoberg, 28 F. (2d) 807, C.C.A. 2	20
Vogue Co. v. Thompson-Hudson Co., 300 Fed. 509, C.C.A. 6	20
Waterman v. Fountain Pen Co., 235 U.S. 88.....	26
Willys-Overland Co. v. Akron Overland Co., 273 Fed. 674, C.C.A. 3	20

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20 WACKER DRIVE BUILDING CORPORATION,
LA SALLE INDUSTRIAL FINANCE CORPORATION
and GENERAL FINANCE CORPORATION,
Defendants-Respondents.

PETITION FOR WRIT OF CERTIORARI.

*To the Honorable the Chief Justice and the Associate
Justices of the Supreme Court of the United States.*

The General Industries Company, petitioner, prays that a writ of certiorari be issued to review the decree of the United States Circuit Court of Appeals of the Seventh Circuit entered in the above cause on July 16, 1946, reversing the judgment of the United States District Court for the Northern District of Illinois.

OPINIONS BELOW.

The opinion of the trial court granting petitioner's prayer for an injunction (R. 152-157) is reported at 57 F. Supp. 583. The reversing majority opinion of the Circuit Court of Appeals and the dissenting opinion (R. 182-192) are reported at 156 F. (2) 474

JURISDICTION.

The judgment of the Circuit Court of Appeals sought to be reviewed was entered on July 16, 1946 (R. 182). Petitioner filed a petition for rehearing, which was denied on August 10, 1946 (R. 193). The jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code as amended by the act of February 13, 1925, c. 229 (28 U.S.C.A. Sec. 347).

STATEMENT OF THE CASE.

The trial court found:

"Plaintiff (petitioner) has a valuable property right in its nationally known corporate and trade name, and is entitled to be protected against its appropriation by a later comer in the same general field * * * and from confusion arising from the practical identity of the names, not only with respect to competition but from confusion as to identity of the corporations and damage to credit or reputation for integrity and fair dealing." (R. 160)

The majority of the Court of Appeals held that plaintiff is not entitled to be so protected.

The law as announced in the trial court's decision, and concurred in by the dissenting judge of the Court of Appeals, has been determined as favorable to plaintiff's rights in other circuits and by the State courts of Illinois.

Plaintiff was organized in 1914 as an Ohio corporation, and changed its name to The General Industries Company in 1925, which it has since used continuously. It has been engaged in the general manufacturing business, manufacturing typewriters, heat regulators, automobile horns, motion picture projectors, massage machines, plumbing supplies, telephone switchboards, small motors, thousands of articles in plastics, and during the war fuses, control boxes, motors for antenna reels, tank defrosters and the like. Its annual national business has steadily increased. It employs over 1700 people in its office and factory and advertises extensively in trade papers. Its agents have maintained offices throughout the country, including one in Chicago, which is listed under plaintiff's name both on the door and in the telephone directory (R. 158).

Plaintiff qualified under the United States Securities and Exchange Commission in 1940, and securities were sold pursuant to the permit issued. It also applied for and secured permission under the Illinois securities law to sell stock in Illinois (R. 159).

Defendant, General Finance Corporation, and its two subsidiaries, 20 Wacker Drive Building Corporation and LaSalle Industrial Finance Corporation, have for many years been engaged in financing installment buying and businesses in financial trouble. On account of the effect of the war upon installment buying, defendants desired to enter the industrial field, manufacturing motors and other articles similar to the articles of plaintiff.

Early in 1943, defendants proposed to drop their names and adopt the name General Industries Corporation.

Plaintiff filed prompt written protest with defendants. Upon defendants taking steps to amend their respective articles of incorporation to appropriate plaintiff's name,

plaintiff filed suit asking to enjoin defendants from using plaintiff's name (R. 160).

After the decree in favor of plaintiff, the case was reopened by plaintiff, who discovered that defendants' testimony that it had completed its plan of expansion was not true, and that as a matter of fact it had lately secured two additional plants in Ohio, and had advertised that it was in the market for additional plants. (Certificate of Clerk of Court of Appeals.)

The Court of Appeals reversed, with Judge Lindley dissenting, holding that plaintiff had the right to bring the suit in the Federal court but that likelihood of confusion, resulting from substantial identity of names as found by the trial court, was not enough to sustain the injunction decree (R. 182).

The trial court (Judge Holly of Illinois) and the dissenting judge (Judge Lindley of Illinois) recognized that the law of Illinois applied in view of *Eric v. Tompkins*, 304 U.S. 64, and that under the Illinois State law, plaintiff's property rights in its well established and nationally known corporate and trade name should be protected against appropriation by a late comer in the same general field who desired to appropriate the name, and that inevitable confusion would arise not only as between the products, but as to credit, reputation and corporate identity.

QUESTIONS PRESENTED.

Was the reversing majority decision justified in repudiating the holdings of the Illinois courts that likelihood of confusion is sufficient to prevent a late comer in the same general field from adopting plaintiff's nationally known name and trade name, General Industries Company?

Is equity powerless to protect a plaintiff where "con-

fusion was likely to arise if defendants use a name practically identical with plaintiff's", or must plaintiff wait until the threatened injury has been actually accomplished?

REASONS FOR GRANTING THE WRIT.

1. By refusing to follow the decisions of the Illinois courts holding that injunctive relief would be granted where the use of a name by a later comer would be likely to cause confusion in the minds of the purchasing public, and those relying upon the identity of the corporation and its credit and reputation for integrity and fair dealing, the majority decision of the Court of Appeals refused to observe *Erie v. Tompkins*, 304 U.S. 64.

2. The decision of the Court of Appeals is flatly contradictory to applicable decisions in other circuits of the United States.

3. The decision of the majority of the Court of Appeals has failed to recognize the liberalizing force of decisions of this Court relating to the law of unfair competition.

4. Adherence to the law as announced in the majority opinion would create industrial anarchy, would legalize fraud upon the public, would foster commercial piracy, and would deprive reputable corporations of one of their most valuable property rights, their reputation and the confidence that the community has in their integrity.

WHEREFORE, your petitioner prays that the writ of certiorari be issued under the seal of this Court, directed to the United States Circuit Court of Appeals for the Seventh Circuit, commanding that court to certify and send to this Court on a day to be designated a full and complete transcript of the record, and of all proceedings

in the Circuit Court of Appeals had in this cause, to the end that this cause may be reviewed and determined by this Court; that the judgment of the Circuit Court of Appeals be reversed; that the decree of the District Court enjoining defendants be made final; and that your petitioner be granted such other and further relief as may be proper.

Respectfully submitted,

THE GENERAL INDUSTRIES COMPANY.

By RALPH M. SNYDER,

KING FAUVER,

Counsel for Plaintiff-Petitioner.

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Defendants-Respondents.

**BRIEF IN SUPPORT OF PETITION FOR WRIT OF
 CERTIORARI**

STATEMENT OF THE CASE.

The controlling facts have been set forth in the petition. They are largely taken from unchallenged findings of the trial court.

SPECIFICATION OF ERRORS.

The Court of Appeals in reversing the injunction decree of the trial court erred in failing to observe the applicable law of the State of Illinois, which holds that "likelihood of confusion" is sufficient to ground an injunction; that appropriation of a deceptively similar name implies fraud, and that "equity aids the vigilant" so that plaintiff is not compelled to wait until the consummation of the threatened injury.

The Court of Appeals erred in misinterpreting the findings of the trial court, or failing to give effect thereto, and particularly in failing to recognize that a secondary meaning attaches after twenty years' continuous use, with extensive advertising and use of plaintiff's corporate and trade name on all of its products.

The Court of Appeals erred in failing to recognize, as determined by the Illinois court and the courts of other circuits of the United States, that the very use of a name under the circumstances of this case is an abuse.

The Court of Appeals erred in failing to recognize the Illinois law that generic terms employed in a name may be protected, and that the Illinois law is in conformity with the law of other circuits.

The Court of Appeals erred in misconstruing plaintiff's action, which is not against the State of Illinois inasmuch as the State has not given defendants a charter to use a name similar to plaintiff's, but is solely directed against the three defendants to enjoin them from their threatened appropriation of plaintiff's name.

The Court of Appeals erred in failing to appreciate the law of unfair competition relating to the protection of property rights in a name and the liberalizing by this Court of the doctrine of unfair competition.

SUMMARY OF ARGUMENT.

As found by the two Illinois judges and disputed by the two non Illinois judges, plaintiff has a proprietary right in its long and extensively used name, General Industries Company, and where the purchasing public, those dealing in stocks, and others relying upon the responsibility and integrity of plaintiff are likely to be confused, plaintiff-petitioner is entitled to enjoin the appropriation by a new comer of plaintiff's name. Equity is not powerless to prevent threatened injury, but will act *in limine*.

The majority opinion is in serious conflict with the decisions of other circuits, and it is not necessary to have direct competition or palming off to secure equitable relief. A few of the glaring mistakes of facts and law of the majority opinion are pointed out.

The majority opinion is out of line with the liberalizing of the doctrine of unfair competition by this Court and the State courts of Illinois, to the effect that vast property rights may reside in a name and that the public is entitled to rely upon the name in dealing with the parties, and that the emphasis is on misappropriation rather than on competition.

ARGUMENT.

Under the law of Illinois, likelihood of confusion is sufficient to ground the injunction.

Judge Holly, who entered the decree enjoining defendants from using the name General Industries Corporation or any name similar to Plaintiff's name, General Industries Company, and Judge Lindley, who wrote the dissenting opinion, are both from Illinois and are well versed with the laws of Illinois. On the contrary, the writer of the majority opinion in the Court of Appeals is from another state, as is also the other concurring judge. As a result we have a diversity between two Illinois judges and two judges from other states. The soundness of the opinion of the trial judge (R. 152) and of the dissenting opinion (R. 188) contrasts noticeably with the barren familiarity with Illinois law as set forth in the majority opinion at R. 182.

In *Lady Esther, Limited v. Lady Esther Corset Shoppe, Inc.*, 317 Ill. App. 451, the Court sustained an injunction against defendants' substantial appropriation of plaintiff's name. Plaintiff (incorporated in 1922) manufactured and sold cosmetics. Defendant (organized in 1936) sold corsets and other ladies' wearing apparel.

On the proposition that confusion is sufficient to ground an injunction, the Court said (p. 456):

"If the defendant's conduct is likely to cause confusion of the traders, so that the public believes or is likely to believe that the goods of the defendant are the goods of the plaintiff, or that the plaintiff is in some way connected with or is a sponsor for the de-

fendant, then a sufficient case is made out for injunctive relief."

After referring to various cases, the Court said (p. 459):

"In the instant case we think it clear that the public might be deceived into thinking there was some connection between the defendant and the plaintiff companies. And the good-will of plaintiff, which it had built up at great expense over a period of years, would be whittled away. Courts of equity ought not to be so feeble as to be unable to prevent this. And the fact that defendant received a charter to use the name 'Lady Esther Corset Shoppe, Inc.' does not protect it. Par. 157.9, sec. 9, ch. 32, Ill. Rev. Stat. 1941 (Jones Ill. Stats. Ann. 32,009); *Investors' Syndicate v. Hughes*, 378 Ill. 413."

With respect to the presence of fraud, which the majority opinion in the instant case seemed to require, the Illinois court quoting from 38 Harvard Law Review 370 said (at p. 457):

"Another change that has come with the realization of this broad basis for 'unfair competition' is the elimination of the requirement of 'fraud'."

The Illinois court in *Merchants Detective Assn. v. Detective Mercantile Agency*, 25 Ill. App. 250, reversed an injunction dismissal order, stating at page 256:

"Under the law, the corporate name is a necessary element in the existence of the corporation, and the necessary consequence of the wrongful appropriation of such name is to injure the business and rights of the corporation by destroying or confusing its identity. The corporate name is, therefore, a trade mark from the necessity of the case, and there is consequently much reason for holding that a corporation should be protected in the use of its name as a trade mark, irrespective of whether the words composing such name are generic or descriptive or not."

The Supreme Court of Illinois in *Investors' Syndicate v. Hughes*, 378 Ill. 413, held that the likelihood of confusion was sufficient to prevent a latecomer from adopting the name of an earlier user. It sustained the Secretary of State who had refused to grant a charter to the latecomer. In so doing, the Court said (p. 423):

"Was plaintiff's name deceptively similar to that of the parent corporation and was the decision of the Secretary of State so finding, a reasonable exercise of the discretion vested in him?"

The Court answered "Yes." The Court further said:

"Even in injunction cases between competing corporations, the trend of decision is to place less emphasis on competition and more on confusion as is evidenced by the following cases: *Vogue Co. v. Thompson-Hudson Co.*, 300 Fed. 509, *Aunt Jemima Mills Co. v. Rigney & Co.*, 247 Fed. 407. As was said in *Ward Packing Co. v. Potter-Worthington*, 298 Fed. 398 'The test should be whether the public is likely to be deceived.' "

In *Mossler v. Jacobs*, 66 Ill. App. 571, the Court held that likelihood of confusion is sufficient to entitle plaintiff to relief. In that case plaintiff adopted as its name "Six Little Tailors" and operated in New York and eastern states, and in March 1896, opened a branch in Chicago. Defendant in February 1896 opened a store in Chicago under the name "Six Big Tailors." Plaintiff had done considerable advertising of "Six Little Tailors" in newspapers, posters and letters. The trial court granted an injunction although there was no proof that any person had been misled or deceived by reason of the similarity of the names. The appellate court affirmed, stating at page 574: :

"No person is entitled to represent his wares as being the goods of another man, or articles of his

manufacture or having been made by another, and no person is by the law permitted to use any mark, sign, symbol, name, device or other means whereby he makes a false representation, or deceives as to his own goods, or as to the goods of another, or whereby, without himself making a false representation to a buyer who purchases from him, he enable such a buyer to tell a lie or to make an untrue representation to somebody else who is the ultimate customer."

The Court also stated (p. 575):

"A man may not use his own name for the purpose of deception, and such fraudulent use will be enjoined. Fair competition in business is legitimate and promotes the public good, but an unfair appropriation of another's business by using his name or trade mark, or an imitation thereof calculated to deceive the public, is not permissible and will be enjoined by a court of equity. *Hazelton Boiler Co. v. Hazelton Tripod Boiler Co.*, 40 Ill. App. 430; same 142 Ill. 509; *Reddaway v. Benham*, *House of Lords*, opinion filed March 26, 1896; *Celluloid Co. v. Cellunite Co.*, 32 F. Rep. 97."

Continuing the Court stated (p. 575):

"We regard the words 'Six Big Tailors' as so similar to complainant's trade name of 'Six Little Tailors' that it is calculated to deceive the unwary, that confusion is likely to arise therefrom, and thus it is possible that purchasers may be entrapped into buying what they did not intend; that is, goods of appellants, when intending to buy of complainant."

The trial court, concurred in by the dissenting opinion, held that where plaintiff had used its name on a national scale for twenty years, had widely associated it in the mind of the purchasing public as identifying plaintiff and its trade name and denoting plaintiff's reputation for integrity, responsibility and fair dealing, it is entitled to be protected against appropriation of such name by late comers in the same general field.

Defendants' substantial appropriation of plaintiff's corporate and trade name would be particularly harmful because defendants have been associated with failing businesses and installment buying, and the reason why defendants now desire to get rid of their names and use plaintiff's would further harm plaintiff and its reputation.

Under these circumstances, the trial court correctly held that "likelihood of confusion" is enough. If under *Erie v. Tompkins*, 304 U.S. 64, the law of Illinois applies, "likelihood of confusion" is enough to sustain the injunction and the majority opinion of the Court of Appeals is in conflict with applicable local decisions. The majority opinion pays lip service to *Erie v. Tompkins*, but refuses to apply the controlling state law to the facts in this case.

To same effect is *Johnson Mfg. Co. v. Johnson Skate Company*, 313 Ill. 106 at p. 125.

Bender v. Bender, 178 Ill. App. 203.

The Illinois courts are in accord with the courts of other circuits that where injury is threatened by appropriation plaintiff need not wait until the consummation of the damages.

The majority opinion (R. 187) insists that to succeed plaintiff must show that it "had suffered some injury," citing three cases involving suits to restrain public nuisances. They are inapplicable and fail to support the decision of the Court of Appeals.

In *Mossler v. Jacobs*, 66 Ill. App. 571, the Court in enjoining said (p. 576):

"While it does not appear that thus far anyone has been deceived, we do not think that complainants are obliged to wait until injury has actually occurred; it is sufficient that it is probable customers would be misled."

In *Pennsylvania v. West Virginia*, 262 U.S. 553, the Supreme Court entered a decree for complainants enjoining the state of West Virginia from proceeding under the act of its legislature threatening to withdraw natural gas from commerce. The Court after reciting these facts said (p. 593):

"One does not have to await the consummation of threatened injury to obtain preventive relief. If the injury is certainly impending that is enough."

The Court of Appeals for the Tenth Circuit in *Standard Oil Co. of New Mexico v. Standard Oil Co. of California*, 56 F. (2d) 973, in holding for plaintiff, said (p. 975):

"This is not strictly a suit to enjoin unfair competition. It is in the nature of a bill *quia timet* to enjoin the threatened unlawful use of a corporate name. Defendant's articles of incorporation indicate that it proposes to engage in New Mexico in the same line of business as plaintiff is now carrying on in such state, and that defendant purposes to use in connection therewith the words 'Standard,' 'Standard Oil,' or 'Standard Oil Company.'

"Equity aids the vigilant, not those who slumber on their rights. (Citing cases.)

"It was the duty of plaintiff to act before the rights of innocent third persons (such, for example, as purchasers of stock in defendant) had intervened. (Citing cases.)

"Furthermore, since defendant has not commenced the transaction of business, it will be a simple matter for it to change its corporate name, and the decree will result in little inconvenience to it. On the other hand, defendant would be greatly inconvenienced by such a decree rendered after it had actually engaged in manufacture and marketing its products under the names 'Standard,' 'Standard Oil,' or 'Standard Oil Company.'

"A court of equity will act by injunction to prevent a threatened wrongful act which appears to be imminent, if irreparable injury will result therefrom.

Standard Oil Co. of Me. v. Standard Oil Co. of N. Y. (C.C.A. 1) 45 F. (2d) 309, 310, 311; *United Drug Co. v. Parodney* (D.C.N.Y.) 24 F. (2d) 577; *Cleveland Opera Co. v. Cleveland Civic Opera Ass'n., supra*; *Guardian Assur. Co. v. Garrett*, 40 Dom. L. Rep. 455; *Fletcher Cyc. Corporations* (Per. Ed.) vol. 6, sec. 2440. 'One does not have to await the consummation of threatened injury to obtain preventive relief. If the injury is certainly impending, that is enough.' *Pennsylvania v. West Virginia*, 262 U.S. 553, 593, 43 S. Ct. 658, 663, 67 L.Ed. 1117, 32 A.L.R. 300.

"Neither reason nor authority required plaintiff to wait until the threatened injury has occurred."

To the same effect is:

Fox Fur Co. v. Fox Fur Co., 59 F. Supp. 701 (D.C. Del.)

Plaintiff-Petitioner has a valuable property right in its corporate and trade name which courts of equity will protect.

The facts set forth in the petition show that plaintiff-petitioner has for over twenty years continuously used its name, General Industries Company, and that it has always been featured in its advertising, sale of its products and business relations. (R. 101, 103, 113, 158, 159.)

Mahler, Secretary and Treasurer of Schroder Rockefeller & Company, gave many instances of confusion because of similar names, and testified that defendants' purported action in substantially adopting plaintiff's name—

"would introduce all sorts of confusion as to which company was referred to in any newspaper release or notices to stockholders relating to dividends or other matters; and as a consequence various investors in the stock of The General Industries Company as well as security dealers who would handle transactions in the stock might make mistakes and run into various difficulties in handling any trades of the said stock. This would be detrimental to the interests of

the stockholders of The General Industries Company, and presumably to anyone else who confused the identity of the respective two companies (R. 25, 81).

Eugene Tracey, President of Majestic Radio & Television Co., who had purchased radio equipment from plaintiff both when he was connected with Zenith Radio Company and later with Majestic, testified:

“* * * I think if they [defendants] were in a business that involved anything at all similar as I gather it to be from its brief, and I agree I have no complete knowledge of the General Finance’s business, I would think it would be very serious and very costly to the General Industries Company.” (R. 67.)

The record amply supports the finding of the trial Court that:

“plaintiff has a valuable property right in its nationally known corporate and trade name * * *.” (R. 160.)

In *Standard Oil Co. of New Mexico v. Standard Oil Co. of California*, 56 F. (2d) 972, C.C.A. 10, the court held that equity will act by injunction to prevent a threatened wrongful act. The Court said (p. 977):

“A corporation may establish its corporate name as a trade name; it may build up a fine reputation for the high quality of its products, for financial responsibility, and for business integrity and fair dealing, in the field within which it transacts its business. When another corporation enters that field for the purpose of engaging in a similar business and appropriates the same name or one so similar as to cause confusion in the minds of the public, its ability to injure the senior corporation is not limited solely to competition in the sale of its products. Any act committed by the junior corporation which would cause damage to the credit, or reputation for integrity and fair dealing of the senior corporation, if committed by the latter, would injure it if the public, because of the similarity of the names, should attribute such act to the senior corporation.

“Likewise, from the standpoint of the public, a

third person might be induced to sell to, extend credit to, or otherwise deal with the junior corporation believing he was dealing with the senior."

Concerning the function of a corporate name, the Court said (p. 978):

"A corporate name or trade name identifies a corporation; it also identifies its business and the goods or services which it sells or renders. If a junior corporation appropriates such name or a name so similar thereto as to lead to confusion, it appropriates the reputation that goes with it and removes the reputation beyond the power of the owner to protect.

To the same effect are:

American Foundries v. Robertson, 269 U.S. 372

Merchants Detective Ass'n. v. Detective Mercantile Agency, 25 Ill. App. 250

Koebel v. Chicago Landlord's Protective Bureau, 210 Ill. 176

To the same effect is *Newby v. Oregon C. R. Co.*, 1 Sawyer 63 (C.C.D. Ore.), 1 Deady 609, where the Court stated (p. 616):

"The corporate name of a corporation is a trade mark from the necessity of the thing, and upon every consideration of private justice and public policy deserves the same consideration and protection from a court of equity.

"Under the law the corporate name is a necessary element of the corporation's existence. Without it, a corporation cannot exist. Any act which produces confusion or uncertainty concerning this name is well calculated to injuriously affect the identity and business of a corporation. And as a matter of fact, in some degree at least, the actual and necessary consequence of the wrongful appropriation of a corporate name, is to injure the business and rights of the corporation by destroying or confusing its identity. The motives of the persons attempting the wrongful ap-

appropriation are not material. They neither aggravate nor extenuate the injury caused by such appropriation. The act is an illegal one and must, if necessary, be presumed to have been done with an intent to cause the results which naturally flow from it."

The *Newby* case is cited and quoted in the case of *American Foundries v. Robertson*, 269 U.S. 372, where this Court held (p. 380):

"The effect of assuming a corporate name by a corporation under the law of its creation is to exclusively appropriate that name. It is an element of the corporation's existence."

This Court further held (p. 381):

"that equity not only will enjoin the appropriation and use of a trade-mark or trade name where it is completely identical with the name of the corporation, but will enjoin such appropriation and use where the resemblance is so close as to be likely to produce confusion as to such identity, to the injury of the corporation to which the name belongs."

The majority decision of the court of appeals is in conflict with decision of other circuits.

Many of the decisions of the federal courts of other circuits are cited with approval by the Illinois courts, particularly in *Lady Esther, Ltd. v. Lady Esther Corset Shoppe, Inc.*, 317 Ill. App. 451, and *Investors' Syndicate v. Hughes*, 378 Ill. 413. Others are referred to in the dissenting opinion of Judge Lindley (R. 188-192.)

The other circuits hold that where likelihood of confusion is shown, it is not necessary to show actual palming off or other specific injury, and that protective relief will be granted. These cases are so extensive and so well reasoned that they may be said to represent the law in

every circuit except the Seventh. The following cases are illustrative:

- Standard Oil Co. of Maine v. Standard Oil Co. of N. Y.*, 45 F. (2d) 309, 310, C.C.A. 1
- Rice & Hutchins v. Vera Shoe Co.*, 390 Fed. 124, C.C.A. 2.
- Terminal Barber Shops v. Zoberg*, 28 F. (2d) 807, C.C.A. 2.
- My-T-Fine Corp. v. Samuels*, 69 F. (2d) 76, 77, C.C.A. 2.
- National Picture Theaters, Inc. v. Foundation Film Corp.*, 266 Fed. 208, C.C.A. 2.
- Willys-Overland Co. v. Akron Overland Co.*, 273 Fed. 674, C.C.A. 3.
- Bates Machine Co. v. Bates Manufacturing Co.*, 178 Fed. 681, C.C.A. 3.
- Vogue Co. v. Thompson-Hudson Co.*, 300 Fed. 509, 512, C.C.A. 6.
- Kahn's Sons Co. v. Columbia Packing Co.*, 82 Fed. 897, C.C.A. 6.
- Busby v. Davis*, 150 Fed. 275, C.C.A. 8.
- General Film Co. of Missouri v. General Film Co. of Maine*, 237 Fed. 64, C.C.A. 8.
- Del Monte Special Food Co. v. California Packing Corp.*, 34 F. (2d) 744, C.C.A. 9.
- Standard Oil Co. of New Mexico v. Standard Oil of California*, 56 F. (2d) 973, C.C.A. 10.

Particular instances of misconception by the court of appeals of facts and law.

Apparently the majority opinion is compelled to recognize the force of the trial court's find that "a likelihood of confusion would arise if defendant used a name practically identical with plaintiff's."

The majority opinion of the Court of Appeals states that there was no finding that plaintiff's products were

known by its corporate name. The opinion seems to be unaware of the holding of this Court in *O'Reilly v. Campbell*, 116 U. S. 418, that findings of fact are sufficient if, taken together with the pleadings, enough can be seen to justify the judgment, notwithstanding want of precision and the intermixture of matters of fact and conclusions of law.

The trial court found:

- (a) "Plaintiff has advertised extensively in trade papers and otherwise, and does business throughout the United States. Its name is always actively featured in its advertising and sometimes also G.I. as well." (R. 158.)
- (b) " * * * By fair dealing, integrity, prompt deliveries and the excellence of its products, plaintiff has over a period of nearly twenty years built up a valuable good will in its corporate and trade name General Industries Company." (R. 159.)
- (c) "The public is entitled to be protected against the confusion necessarily arising from the similarity of names, the origin of products under such name, and the identity and responsibility of the plaintiff and defendant corporations." (R. 161.)

The foregoing findings show that plaintiff's products were known by plaintiff's name and also demonstrate the majority opinion's mistake concerning the findings as to damages arising from the confusion.

The conclusion in the majority opinion that there is no finding of fraud is beside the point. Where a defendant deliberately and after notice takes another's name, fraud is implied. *International Committee of Y.W.C.A. v. Y. W.C.A.*, 194 Ill. 194.

The majority opinion states that there is no finding that the defendants now do business outside of the State of Illinois or that they intend to do so. This is beside

the point, but the record indisputably shows that defendants have bought up corporations in various states, including Oklahoma and Ohio, and is advertising for additional businesses.

The majority opinion also stated that plaintiff had not acquired a secondary meaning to its name. The trial court necessarily found a secondary meaning arising from over twenty years' use on a national scale of its name in connection with its products, its extensive advertising and its reputation for integrity and fair dealing. This Court in *Armstrong Co. v. Nu-Enamel Corp.*, 305 U. S. 315, held that similar facts in that case amounted to a secondary meaning. After referring to the use of the name on the articles and plaintiff's advertising, this Court said (p. 335):

"Here we have a secondary meaning to the descriptive term, 'Nu-Enamel.' This establishes, entirely apart from any trade-mark act, the common law right of the Nu-Enamel Corporation to be free from the competitive use of these words as a trade-mark or trade name."

In *British-American Tobacco Co. v. British-American Cigar Stores Co.*, 211 Fed. 933, the Court of Appeals also passed on this point, stating (p. 935):

"The words 'British-American' may be geographical or political, but in this controversy they have acquired a secondary meaning; they have been invariably associated with a large tobacco corporation for a decade, and any other tobacco company with the same name is sure to be associated in the public mind with the older company and is sure to reap such benefits as accrue from such association."

The majority opinion states that plaintiff's name is generic. So are many names which have generally been protected, such as "Terminal Barber Shops", "General

Film Company", "Standard Oil Company" and others. The Illinois courts have held that such names will be protected. In *Y.W.C.A. v. Y.W.C.A.*, 194 Ill. 194, the Court said (p. 199):

"While it is true that generic terms or mere descriptive words are the common property of the public and not ordinarily susceptible of appropriation by an individual, that fact will not prevent the issuing of an injunction to restrain the use of such terms and words at the suit of one who has already adopted them, when the evidence shows a fraudulent design and that the public will be misled."

In *Merchants Detective Assn. v. Detective Mercantile Agency*, 25 Ill. App. 250, the Court said (p. 256):

"The corporate name is, therefore, a trade mark from the necessity of the case, and there is consequently much reason for holding that a corporation should be protected in the use of its name as a trade mark, irrespective of whether the words composing such name are generic or descriptive or not."

The majority opinion also indicates that plaintiff must wait until it has suffered injury. The law is otherwise, as declared by this and other courts. Plaintiff is not compelled to sit helplessly by until the consummation of the threatened injury.

The Court of Appeals also stated that defendants were doing what they had a right to do in Illinois, to-wit, apply for a certain name. This is beside the point, as has been so often declared. *Mossler v. Jacobs*, 68 Ill. App. 571, *Bender v. Bender Store & Office Fixture Co.*, 178 Ill. App. 203.

The majority opinion has refused to recognize and is sadly out of line with the liberalizing of the doctrine of unfair competition by this Court and the state courts of Illinois.

The majority opinion cites *Hazelton Boiler Co. v. Hazelton Tripod Boiler Co.*, 142 Ill. 494, and *Howe Scale Co. v. Wyckoff*, 198 U. S. 118. In order to understand the Court of Appeals' ruling, it is necessary to clear up one misapprehension which it had. In the *Hazelton Boiler* case, 142 Ill. 494, relief was denied plaintiff because, among other reasons, plaintiff was the late comer. The Illinois court said (p. 504):

"The incorporation of the defendant antedates that of the complainant by nearly four months, and consequently, at the time the complainant was organized, the defendant had already received and appropriated its corporate name, and if there had been any infringement, it is the complainant and not the defendant which is the aggressor. If the two names are substantially identical, as is claimed, the defendant's right, by virtue of prior appropriation, would seem to be paramount."

This case is no authority for striking down the twenty years' prior, wide and extensive use of the name by the plaintiff in the instant case.

The other case cited by the court is *Howe Scale Co. v. Wyckoff*, 198 U. S. 118. The *Howe* case is not applicable because it involves only parts of surnames, which this Court specifically found (p. 139):

"are not identical with or an imitation of complainant's marks."

It is true that the *Howe* case pointed out that there had been no "palming off", but as Judge Lindley pointed out in his dissenting opinion, the doctrine of unfair competition has been considerably liberalized.

In *Schechter Corp. v. U. S.*, 295 U. S. 495, this Court said (p. 531):

“ ‘Unfair competition’, as known to the common law, is a limited concept. Primarily, and strictly, it relates to the palming off of one’s goods as those of a rival trader. *Goodyear Manufacturing Co. v. Goodyear Rubber Co.*, 128 U. S. 598, 604; *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118, 140; *Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 413. In recent years, its scope has been extended. It has been held to apply to misappropriation as well as misrepresentation, to the selling of another’s goods as one’s own,—to misappropriation of what equitably belongs to a competitor. *International News Service Co. v. Associated Press*, 248 U. S. 215, 241, 242.”

Again, in *International News Service Co. v. Associated Press*, 248 U. S. 215, this Court said (p. 241):

“It is said that the elements of unfair competition are lacking because there is no attempt by defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical, cases of unfair competition. *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118, 140. But we cannot concede that the right to equitable relief is confined to that class of cases.”

The case of *Columbia Mill Co. v. Alcorn*, 150 U. S. 460, referred to in the *Howe* case is likewise readily distinguished. The controversy involved the use of “Columbia” as a trade mark for flour, and this Court pointed out (p. 464) that the same word had been used as a trade mark for flour long prior to plaintiff’s use, and that plaintiff had not used it as a trade mark but as indicating a grade and not origin.

The Illinois court in *Johnson Manufacturing Co. v. Johnson Skate Co.*, 313 Ill. 106, in sustaining an order for a preliminary injunction referred to the *Howe Scale* case, and the language of Mr. Justice Holmes relating thereto

in *Waterman v. Fountain Pen Co.*, 235 U. S. 88, 94, as follows:

"But, whatever generality of expression there may have been in the earlier cases, it now is established that when the use of his own name upon his goods by a later competitor will and does lead the public to understand that those goods are the product of a concern already established and well known under that name, and when the profit of the confusion is known to and, if that be material, is intended by the later man, the law will require him to take reasonable precautions to prevent the mistake."

Apropos is the morality and the power of equity as expressed by Mr. Justice Cardozo in *Federal Trade Commission v. Algoma Co.*, 291 U. S. 67. The opinion states (p. 81):

"Indeed there is a kind of fraud, as courts of equity have long perceived, in clinging to a benefit which is the product of misrepresentation, however innocently made. *Redgrave v. Hurd*, L. R. 20, Ch. D. 1, 12, 13; *Rawlins v. Wickham*, 3 De G. & J. 317; *Hammond v. Pennock*, 61 N. Y. 145, 152. That is the respondents' plight today, no matter what their motives may have been when they began. They must extricate themselves from it by purging their business methods of a capacity to deceive."

The liberalizing trend may be traced back to the decision of Mr. Justice Holmes in *New England Awl & Needle Co. v. Marlboro Awl & Needle Co.*, 168 Mass. 154, 46 N. E. 386, where the Court commented on the fact that while defendant did not intend to palm off its goods as those of plaintiff, that defendants knew that they were putting the power to do so into retail dealers' hands, and they certainly knew of the danger after they had been warned by the plaintiff and stood upon their rights.

The thought and some of the expressions of this decision occur in the decision of Mr. Justice Holmes in

Straus v. Notaseme Hosiery Co., 240 U. S. 178. In granting relief to plaintiff, the opinion stated (p. 182):

“When they stood upon their rights, of course they made themselves responsible for the continued use of a label which might be held likely to deceive, and if it should be held manifestly to have that tendency they would be chargeable for what, in contemplation of law, was an intentional wrong or a fraud although the case is wholly devoid of any indication of an actual intent to deceive or to steal the reputation of the plaintiff’s goods.”

The liberalizing effect is also shown in *Bourjois & Co. v. Katzel*, 260 U. S. 689, where the Court sustained an injunction and declared concerning trade names (p. 692):

“It deals with a delicate matter that may be of great value but that easily is destroyed, and therefore should be protected with corresponding care.”

Mr. Justice Frankfurter similarly declared in *Mishawaka Rubber & Woolen Mfg. Co. v. Kresge Co.*, 316 U. S. 203, 205:

“The protection of trade mark is the law’s recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them.”

CONCLUSION.

The trial court was right in enjoining defendants from appropriating plaintiff's name. The Court of Appeals by a divided opinion reversed and committed a grievous wrong upon plaintiff, the purchasing public, and those relying upon plaintiff's established reputation for integrity and fair dealing.

The majority opinion is out of step with the law of Illinois as declared by the State courts, the decisions of other circuits and of this Court. Unless the supervisory power of this Court is exercised, a precedent will have been confirmed in the Seventh Circuit for lawlessness, commercial piracy and industrial anarchy. No business concern would be safe in the use of its name, and the public could no longer safely rely upon established reputation. Vital and valuable property interests would be dissipated.

WHEREFORE, it is respectfully submitted that this petition for writ of certiorari should be granted.

Respectfully submitted,

RALPH M. SNYDER,
KING FAUVER,

Counsel for Petitioner.